

Progress Report

**DUVEX OILS & MINES
LIMITED**

(No Personal Liability)

FEBRUARY 9, 1953

HEAD OFFICE

1300 CONCOURSE BLDG.

TORONTO, ONTARIO

DUVEX OILS & MINES LIMITED

(No Personal Liability)

1300 CONCOURSE BLDG.

TORONTO, ONTARIO

February 9, 1953

To the Shareholders:

Recent progress in your Company's affairs has been of considerable importance, and it is anticipated that developments during the next several weeks and months may reach proportions of major significance.

There are five most immediately important developments of which we would advise the Company's Shareholders:

VALUABLE URANIUM PROPERTY

1. We have recently acquired an important Uranium property of eight claims in the Lake Athabaska area located almost centrally between the St. Mary's Channel property of Gunnar Gold and the Beaverlodge Lake property of Nesbitt-Labine, on both of which large and rich Uranium orebodies are being developed. Our Claims are known as Ledo 1 to 4 and Ledo 13 to 16. Preliminary exploration conducted last year on our property disclosed favourable geological and contact conditions, with significant mafic material present. Three areas of radioactivity were preliminarily disclosed, and grab samples were taken from three pits in one of these areas near the centre of the property in a fracture zone extending for about 100 feet in length and 50 feet wide. These samples returned assays of 0.38%, 0.63%, and 0.32% uranium oxide, or \$52.50, \$91.35, and \$46.40 per ton respectively.

Arrangements are being made with Consultants, Gardiner, Low and Morrow, for a complete exploration program, including geological and geophysical work and a rate-meter survey on the entire property as a sound basis for a more detailed exploration program.

IMPORTANT NEW OIL DISCOVERY

2. Your Company participated with several others during recent months in a drilling program on a 50,000-acre farm-out in the Steveston area of Alberta, and successfully completed two important natural gas wells on the block, Steveston Developments No. 2 and Steveston Developments No. 3. During January of this year the group drilled the Steveston Developments No. 4 well, and in a drillstem test between 2,462 and 2,519 feet, in the Viking Sand, made what appears to be an important light oil discovery. Casing is now being run preliminary to efforts to bring this well into production. Your Company owns a 7½% interest in these wells and adjacent acreage, and in addition has an indirect extra 3½% or more interest through our ownership of 500,000 shares of Sweet Grass Oils, which company holds a 37½% interest in the wells and varying interests in the 50,000-acre block of ground.

OIL WELL DRILLING IN MONTANA

3. During the latter part of 1952 your Company joined with Northern Developments Ltd. and three other companies in acquiring a farm-out from Calvin Consolidated on 800 acres in the Richey oil field of the Williston Basin of Montana. The first well on this acreage—Regent Art Shock No. 1—was spudded in on December 31st, and at latest report was drilling below 6,600 feet toward an ultimate depth of

9,000 feet. Location of this well is within 11½ miles of one of the largest Shell Oil producers in the Richey field, and its progress is accordingly being watched with more than average interest by Shell and other oil interests in the field.

**FAVOURABLE
INDICATIONS
ON 300,000
ACRES IN
SASKATCHEWAN**

4. Your Company has 100% ownership of three strategically located blocks of ground in Saskatchewan, held under Permit, and totalling nearly 300,000 acres. One block of 88,000 acres is near Glaslyn in the western part of Saskatchewan; a second of 80,800 acres is located near Humboldt in central Saskatchewan; and the third of 91,650 acres is in eastern Saskatchewan just north of Preeceville. Our Consultants, Gardiner, Low and Morrow, recently completed Geomagnetic Surveys of all three properties and report significant anomalies covering a considerable portion of all three blocks. It is now intended to double-check these indications by means of a Gravimeter Survey prior to drilling plans. It is of interest to note that Shell Oil and several other major oil companies have large acreage holdings in close proximity to the Duvex properties, with Shell being particularly active in the Glaslyn area and preparing to drill a test well not far from the Duvex acreage.

**MAJOR PROVEN
NATURAL GAS
WELLS AND
ACREAGE
INTERESTS**

5. In view of the fact that in about 60 days, in mid-April, the Petroleum & Natural Gas Conservation Board of Alberta has scheduled a hearing on a gas export permit for pipelines from eastern and southern Alberta all the way to eastern Canada, as far as Toronto, Montreal and Ottawa; and that the best opinion is that the Board will GRANT such a permit, it is not too soon to call to the attention of Shareholders that Duvex Oils & Mines has substantial interests in PROVEN gas production and acreage, mainly situated in these eastern and southern sectors of Alberta, and can reasonably anticipate substantial revenues from sale of natural gas to such pipeline as may obtain the franchise. In addition to the possibilities of our large holdings in Saskatchewan, and of several miscellaneous acreage interests in Alberta and British Columbia, your Company has its interest in the substantial proven gas reserves ready for immediate connection to pipeline outlets from the Steeveville wells; on 10,400 acres at Hanna in which our interest is 12½%, with B.A. Oil operating the acreage with a 50% interest; and on a 32,000-acre property at Ashmont, in which your Company owns 25% of the two largest gas wells and of any further wells that may be drilled on the holding. Inasmuch as competent engineers estimate that a gas pipeline started this Spring would be supplying gas as far east as Winnipeg by the end of 1953, and to Toronto and Montreal by the end of 1954, the earnings potentialities of this situation for the Duvex Company should be fully appreciated by the Company's Shareholders.

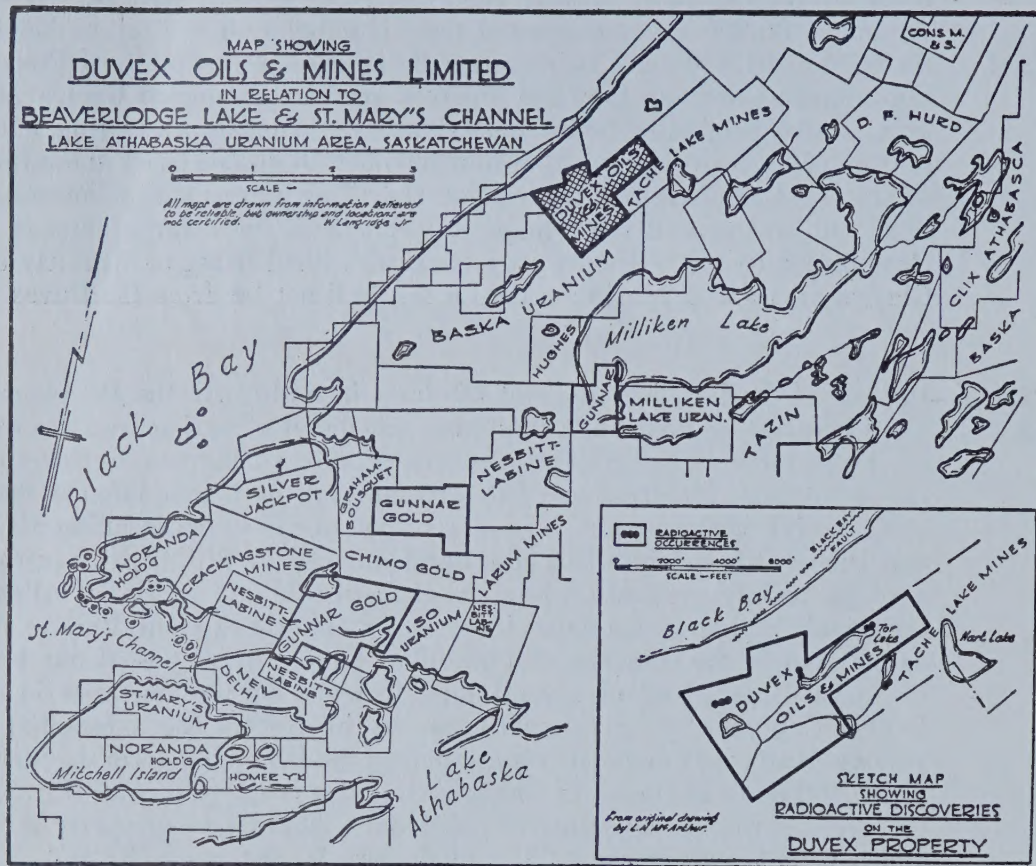
Shareholders will be kept informed of progress as further developments on the above and other properties of your Company materialize.

On behalf of the Directors,

"E. E. OTT"

Secretary.

NOTE: See map of the Company's Uranium property on back page.



DUVEX OILS & MINES LIMITED

(No Personal Liability)

1300 CONCOURSE BLDG.

TORONTO, ONTARIO

AUG 12 1953

DUVEX OILS & MINES LIMITED

(No Personal Liability)

1300 Concourse Bldg.,
Toronto, Ontario.

August 7, 1953.

To The Shareholders:

An Uranium "find" of **very considerable importance** appears to have been made on your Company's 8-claim Ledo property in the Crackingstone Peninsula area of the Lake Athabaska Camp.

The preliminary report just received from Messrs. Gardiner, Low & Morrow, Consulting Geologists, upon completion of the Geological and Geiger Surveys of the property, indicates two geologically favourable areas; one of 2,000 feet in length by 250 feet wide on the east shore of Tor Lake—near the centre of the property—and another 1600 feet by 400 feet across on the west shore of the same lake which has been labelled "the discovery area".

With reference to this discovery area, the report more specifically states: "An area of very strong radioactivity was found in ferruginous siltstone at the foot of Tor Lake. In this area, a zone of 140 feet in length and up to 37 feet in width gives geiger readings up to 20,000 counts per minute. The sedimentary rocks are much fractured and folded in this area and although no visible pitchblende was observed the intense brick-red alteration characteristic of many of the discoveries in the area is present. This zone disappears under overburden to the north and beneath Tor Lake to the south. Seven samples have been taken in this area for chemical assay."

With further stripping and trenching of the discovery area, the report states: "It could reasonably be anticipated that such work would extend the zone of radioactivity." Dr. Harold F. Morrow comments: "In the field we couldn't identify what was causing the radioactivity but under microscope, I was able to see small seams of pitchblende associated with carbonate veinlets."

For the benefit of shareholders not familiar with Geiger operations, your Directors would advise that readings as high as 20,000 counts per minute are **EXCEPTIONALLY GOOD!** It is of further significance to point out that this important "discovery area" and geiger results **confirm in very definite manner** the importance of the indications first obtained in the same area during preliminary prospecting of the group when three samples taken from that area returned uranium assays of \$46.40, \$52.50, and \$91.35 per ton.

Following receipt of this report from Gardiner, Low & Morrow, your Vice-President and Managing Director, Mr. Martial Dumulon, left Toronto for the Duvex uranium property on August 4th to confer at the property with our Consultants, to arrange for immediate diamond drilling of the "discovery area", and to initiate further development work.

Shareholders will be kept informed of further results as progress is made. Your directors and officers are all enthused with the news received.

On behalf of the Directors,

"E. E. OTT", Secretary.

